

ER-5-8280-A

JUL 26 1954



I appreciate your letter of 22 July, enclosing a copy of [redacted] letter of 15 July.

For your own information, this matter has been considered at the highest levels, and is, as you know, a tough problem. I want you to know that I will do anything I properly can.

Sincerely,

Allen W. Dulles
Director

O/DCI/[redacted]:j1 (26 July 1954)
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STAT

July
22nd
1954

Hon. Allen W. Dulles
Director
Central Intelligence Agency
2430 E Street
Washington, D. C.

Dear Allen:

I am taking the liberty of enclosing a copy
of a letter sent me by the General Manager of the

[redacted] Company
which is self-explanatory. You may recall that I have
served as a member of the American Advisory Board for
many years and am still a Director of their wholly

[redacted]
[redacted]

[redacted] I would appreciate it more
than I can tell you if you feel that you can mention
this matter to your brother. I am taking the liberty
of sending a copy of this same letter to Beedle,
Randy Burgess, and to Bobby Cutler.

I hate to be a nuisance, but I really think
this is worthwhile for the best interests of the
United States.

Kindest regards,

[redacted]

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ZURICH, Mythenquai 2, July 15, 1954

Our little country is at present greatly disturbed over the possible outcome of a decision to be taken at the end of this month by the President of the United States. The question is whether the President will follow the recommendation made by four Members of the Tariff Commission to increase by 50% the present duty on Swiss watches and movements, under the Escape Clause of the U.S.-Swiss Trade Agreement.

Watch exports represent one fifth of Switzerland's total exports and one half of our exports to the U.S.A. This makes watches Switzerland's foremost dollar earner. The 100 million dollars worth of watches exported to the United States made a major contribution towards balancing Switzerland's account with the dollar area, and in return permitted our country to buy cars, machinery, oil, tobacco, cotton, fruit and other products grown or manufactured in the U.S.A. Incidentally, exports from the United States to Switzerland are greatly in excess of Swiss exports to the U.S.A.

As regards the respective duty rates, it is interesting that in 1952 American exports to Switzerland paid an average duty of 8.5%, while Swiss products imported into the U.S.A. were charged 25.7% on the average. For horological goods alone the average ad valorem duty is 35% which it is suggested to be raised to not less than 53%! The excessive rate of these duties is also illustrated by the fact that the average U.S. duty rate on all imports of European origin is 12%.

The thought that President Eisenhower might invoke the Escape Clause is seriously pre-occupying our country. We naturally have to think of our industry, our workers, our country, of the risks of social disintegration and the political disturbances as a result of unemployment. We also think of the consequences of an upset dollar balance which would prevent Switzerland from helping to restore convertibility in Europe. Above all, however, we think of the United States as Leaders of the Free World.

If the President of the United States were to take a decision inspired by the protectionist tendencies, the disappointment on this side of the iron curtain would be immense, as would also the bewilderment at seeing them denying the very principles they have professed. America has today the greatest opportunity a nation ever had in its history to create an entirely new world. But the confidence it can command and the leadership it can exercise greatly depend on its attitude towards foreign trade. For many different reasons, the watch affair has become the test case of American Trade policy. It concerns a product which is a typical example of international division of labour at its best, as advocated by the United States at the Havana Conference. It is made by an industry that has learned the hard way to cater to the American needs, as recommended so often by United States Government spokesmen. It is the main export of a country which has managed to pay its own way in the world, a condition towards which all American Aid and Development Programs have tended and still do.

Switzerland demands much less than the reduction of the Tariff rates that Western Europe has come to expect from the United States as a permanent contribution to the recovery of world economic health. She simply asks for a chance to compete along with the American manufacturers in the free and fair competition which is the strength of both countries. She therefore hopes that the rates on watches will be maintained at their present, though high level.

If I take the liberty of placing these facts before you, it is done in the hope that with your many friends and acquaintances at the very top level of the Administration - I am particularly thinking of Assistant Secretary of State Bedell Smith - you might be in a position to report the feelings which are prevalent over here on this impending presidential decision.

I shall indeed greatly appreciate any such action on your part which you may deem proper to take in defense of a principle which is worthy of support.

Thanking you in advance for your valuable help.

Sincerely yours,

[Redacted Signature]

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